U.S. Department of Commerce Machinery Equipment Roundtable (8/5/2003)

The International Trade Administration and Technology Administration hosted a Roundtable on Industry Standards for the Machinery Equipment sector on August 5, 2003 from 9:00am to 12:00pm in HCHB, Room 3407. Deputy Assistant Secretary (DAS) for Transportation and Machinery Joseph Bogosian moderated the roundtable. Deputy Under Secretary (D/US) for Technology Administration (TA) Benjamin Wu and Executive Director for Trade Development in the International Trade Administration (ITA), Jonathan Menes co-hosted the roundtable. Following DAS Bogosian's summary of Secretary Evans Eight-Point Standards Initiative, D/US Wu outlined the standards-related work done by the Department's National Institute of Standards and Technology (NIST) to reduce barriers to trade. Jon Menes, Executive Director for Trade Development commented that the ITA has seen that standards are increasingly becoming a barrier to trade, which hurts the competitiveness of U.S. firms and lessens global economic growth. Consequently, standards have become a priority at the Department.
Following Jon Menes' remarks, representatives from various trade associations made the following points:
The National Association for Manufacturers (NAM)
Bill Primosch, Director for International Business Policy

The National Association of Manufacturers - 18 million people who make things in America - is the nation's largest industrial trade association. The NAM represents 14,000 members (including 10,000 small and mid-sized companies) and 350 member associations serving manufacturers and employees in every industrial sector and all 50 states. Headquartered in Washington, D.C., the NAM has 10 additional offices across the country. The NAM's mission is to enhance the competitiveness of manufacturers and to improve American living standards by shaping a legislative and regulatory environment conducive to U.S. economic growth, and to increase understanding among policymakers, the media and the general public about the importance of manufacturing to America's economic strength.

General Approach to Standards:
§ Governments and businesses to work together to address standard issues.
§ Having the USG raise business concerns gives business representatives credibility and encourages foreign governments to take complaints seriously.
§ NAM established a Working Group on International Standards and Regulatory Policy that brings together a broad cross-section of U.S. manufacturers. Welcomes the opportunity to offer support and assistance in seeking to resolve problems associated with standards and conformity assessment.

Specific Issues of Concern:
§ Fewer technical barriers to trade, including barriers that result from either differing national or regional standards or international standards that differ from U.S. standards.
§ Lowering the cost of conforming to standards. Flexible approach to conformity assessment to standards that allows, depending on the product, a variety of ways to achieve that goal.
§ Improving the disciplines on justifying the standards based on regulatory goals, i.e., health, safety, and environmental goals.

§ ISO international standards are developed on objective criteria, not biased to standards of particular regions, notably the EU.
§ Perception that the EU has disproportionate influence in the ISO because each EU member has a separate vote and well-funded technical assistance programs to promote its views on standards in developing countries.
§ Other government regulatory authorities (e.g. Taiwan) that require ISO 9000 quality management system certifications, which are voluntary.
§ Possible ISO adoption of management system standards that seek to advance broad Corporate Social Responsibility goals that will increase business costs without achieving meaningful corporate good citizenship goals internationally.
§ The EU has too much influence and restrictions over technical standards in the ISO. Different standards for health, environment and safety.
§ Saudi Arabia and their standards on trucks.
§ China's implementation of its CCC quality mark system. Only Chinese certifying bodies can make the conformity assessment and that Chinese technicians must inspect the production facility.

Desired Government Assistance:
§ Better coordination among government agencies (NIST/ITA/USTR)
§ Welcomes the Commerce's Standard Initiative and a Standards Liaison and an opportunity to work with NAM's Working Group on International Standards and Regulatory Policy.
§ Encourages the Commerce Dept. to continue implementing the Standards Initiative in consultation with U.S. industry.
§ Make available summaries of issues discussed at the various roundtable discussions and that the information is widely disseminated.

Air Conditioning and Refrigeration Institute (ARI)
James Walters, Director, International Standards
The Air-Conditioning and Refrigeration Institute (ARI) located in Arlington, Virginia, is the national trade association representing manufacturers of more than 90 percent of North American produced central air-conditioning and commercial refrigeration equipment. ARI traces its history back to 1903 when it started as the Ice Machine Builders of the United States. ARI was formed in 1953 through a merger of two related trade associations. Since that time, several other related trade associations have merged into ARI, making it the strong association that it is today. Over the past 45 years, ARI has emerged as the major voice for the air conditioning and refrigeration industry.
General Approach to Standards:
§ ARI develops and publishes technical standards for industry products. ARI standards establish rating criteria and procedures for measuring and certifying product performance.
§ Products are rated on a uniform basis, so that buyers and users can properly make selections for specific applications.
§ Standards are developed by individual ARI product sections and other interested parties who wish to participate, then approved by ARI's General Standards Committee.
§ More than 60 standards now published are mainly performance-rating standards, although some are application or terminology standards. Many ARI standards are accepted as American

National Standards.
§ ARI actively participates in developing international standards and has established a policy of adopting international standards for use in the United States, when practical and feasible. ARI is cooperating with the Canadian Standards Association (CSA) and other groups to establish joint ARI/CSA rating standards and common U.S./Canadian safety standards.

Specific Issues of Concern:
§ ISO alone offers inadequate coverage for commerce
§ Unrealistic voting procedures. One country, One vote
§ Free Trade Agreements should allow non-ISO standards
§ Several solutions to one standard
§ Global rivalry of standards and standards systems
§ Standard systems can be protectionist or expansionist
§ Values in standards, specifically conformity

Desired Government Assistance:
§ Emphasis on need and value of USG and industry partnership (Standards Liaison within ITA)
§ Training for USG personnel abroad
§ Outreach to U.S. industry

The Society of the Plastics Industry, Inc. (SPI)
Walt Bishop, Executive Director, Machinery Division

Founded in 1937, the Society of the Plastics Industry Inc. is the trade association representing one of the largest manufacturing industries in the United States. SPI's 1300 members represent the entire plastics industry supply chain, including processors, machinery and equipment manufacturers and raw material suppliers. The plastics industry employs 1.5 million workers and provides more than $320 million in annual shipments.

General Approach to Standards:
§ Actively engaged in the development of American National Standards since 1969.
§ Effectively developed over 20 safety standards for specific machinery and equipment for the plastics processing industry.
§ Addresses two key components - the manufacture of the machinery and /or equipment and the use of that machinery/equipment.
§ Strong working relationship with the Federal Occupational Safety and Health Administration (OSHA) promoting safe and healthy work place in plastic facilities throughout the country.

Specific Issues of Concern:
§ Discrepancies in regulation applications, particularly with the EU and CE requirements.
§ ISO does not or has not addressed machinery specific to the plastics industry. Therefore, the plastic industry does not have a truly internationally recognized standard.
§ Compliance, particularly to cultural differences in the application of key points of standards. (e.g. EUROMAP - promulgates safety standards in the EU, has no vehicle for input from the user segments of the plastics industry. Solely focuses on the manufacture of new machines. No

provisions for updating existing installations and have limited concern with the legal ramifications of standards.)

Desired Government Assistance:
§ Maintain a strong working relationship with government agencies to ensure the development and application of industry standards.

National Electrical Manufacturers (NEMA)
Gene Eckhart, Director of Global Standardization Programs
The National Electrical Manufacturers Association (NEMA) was created in the fall of 1926 by the merger of the Electric Power Club and the Associated Manufacturers of Electrical Supplies. NEMA provides a forum for the standardization of electrical equipment, enabling consumers to select from a range of safe, effective, and compatible electrical products.
General Approach to Standards:
§ NEMA sections conduct regularly scheduled, mandatory reviews of all industry standards. When the need for a new standard is identified or when an existing standard is being reviewed for revision or withdrawal, the product section seeks guidance from both users and manufacturers.
§ By incorporating the views of both groups, the association ensures the design of effective and safe products. NEMA member company representatives are the heart of the standards development process. NEMA's Engineering Department facilitates their work and the writing of sound standards.
Specific Issues of Concern:
§ The EU Regulatory System - the EU is increasingly establishing regulations that lack technical justification and whose cost is not proportionate to intended consumer or environmental benefits. Regulations are developed with procedures that are not transparent or accountable.
§ China's Standards and Conformity Assessment - China needs to improve its transparency and information sharing regarding its standards development and conformity assessment requirements for electrical products. For many electrical products, China only accepts goods built to either Chinese national standards or standards developed and published by the International Electrotechnical Commission (IEC) and International Standards Organization (ISO). (While harmonized in many areas, ISO and IEC standards still frequently do not include products built to North America-based international requirements.)
§ APEC MRA Technical Regulations - Many APEC governments continue to pursue the development of a public sector Mutual Recognition Arrangement on Conformity Assessment of Electrical and Electronic Equipment (MRA) in which the US Government is not participating.
§ Argentina and Uruguay Conformity Assessment - Argentina and Uruguay continue to revise conformity assessment requirements without transparency and particularly without adequate advance notification.
§ Many NEMA members object to the fact that as far as voting on international standards is concerned, the U.S. is limited to a single vote as opposed to the European Union, which often votes as a block with all of its member countries being given individual votes. It has been proposed that a more equitable system be devised that allows for a weighted voting process based on the relative sizes of the economies involved.
Desired Government Assistance:

§ Must work together, the U.S. standards community under the umbrella of ANSI, in partnership with NIST and other government agencies, to advance sound U.S. policy to serve the needs of industry.
§ NEMA believes that there should be an effort on the part of the IEC and/or the U.S. government to pursue the implementation of a policy to address the following:
o International standards organizations need a process where standards with regulatory implications are exposed in some formal way to an international forum of the regulators that may use them.
o International standards developers require a 'justification' section for each standard that establishes the market need, discusses economic alternatives, and defines the criteria demonstrating relevance.
§ NEMA is a member of the Low Frequency Emissions Industry Council (LFEIC) and meets with U.S. industry and other industry associations such as the Telecommunications Industry Association (TIA), Information Technology Industry Council (ITIC), and Air-Conditioning and Refrigeration Institute (ARI) to influence the current revision of IEC 61000-3-2. An example of a problem with the technical regulations that adopt standards would be China's requirement that all products requiring mandatory certification must be tested and certified by Chinese testing and certification bodies. NEMA hopes that by working closely with our U.S. government representatives we may be able to affect a change in policy in this area.
§ Because of the misconception that only IEC or ISO standards are suitable as international standards, the US should continue to promote the concept that ISO and IEC standards must be "inclusive" of practices and standards with broad multinational acceptance and should accommodate essential differences to meet international market needs.
§ Standards harmonization, where appropriate for the market sector needs, must be pursued in a manner that reflects the principles of the WTO TBT Agreement. Harmonization of existing standards does not always necessitate identical standards, but rather a set of mutually "equivalent and compatible" inclusive standards, with as few national differences as possible. The development of national differences, when necessary, must be transparent and those differences must be included in the international standard. Standards should be developed by the private sector, with the government participating in the standards development processes. The marketplace should choose the applicable product standards and the conformity assessment process.
§ Voluntary private sector standards have provided safe and acceptable electrical products and this system must continue to be used in the US and encouraged throughout the world. Only when health, safety, or environmental standards and conformity assessment needs cannot be met by the private sector should government regulations be considered.
§ USG should carry the message that standards developed under the principles set forth by the American National Standards Institute are consistent with the openness and transparency objectives set forth by the WTO TBT guidelines, and that countries that choose to adopt US based standards as their national standards are not in conflict with WTO provisions.

Association for Suppliers of Printing, Publishing & Converting Technologies (NPES)
Michael Hurley, Director, International Trade

NPES is a U.S. trade association representing nearly 500 companies, which manufacture and distribute equipment, systems, software and supplies used in every printing, publishing and

converting process. NPES is co-owner of the Graphic Arts Show Company, organizer of major printing industry exhibitions in the Americas and worldwide.

General Approach to Standards:
§ NPES convenes national ANSI committees, and participates in ISO committees; and so strives to have national standards adopted at international level. We have always been proactive in standards development offering many US standards as candidate international standards.
§ Proactive stance - allows you to help mold standards rather than trying to get things changed when a non-friendly standard is developed without your input and knowledge.

Specific Issues of Concern:
§ OSHA regulations establish a liability of the manufacturer for 20 years, even when safety devices have been removed by the printing machinery user. Also, at the start of the EC 92 program, which resulted in the creation of CEN and the European Standards process, there were significant differences that required NPES members to make costly modifications to their equipment before it would receive the CE Mark.

Desired Government Assistance:
§ OSHA needs to be more involved to review and recommend drafts of safety standards that are being negotiated and adopted.

Association of Equipment Manufacturers (AEM)
Darrin Drollinger, Vice President, Technical & Safety Programs

The Association of Equipment Manufacturers (AEM) is the North American-based trade group providing innovative business resources to help its members remain competitive in the global marketplace. AEM numbers more than 700 companies that manufacture equipment, products and services used worldwide in the construction, agriculture, forestry, mining and utility fields. The Association is headquartered in Milwaukee, Wisconsin (USA) with offices in Washington, DC (USA) and Beijing, China.
Association services include product safety and technical support, equipment statistics, market trends data, government representation, international marketing support, trade shows, online strategic information services, education and training programs, and jobsite safety/educational publications and videos.

General Approach to Standards:
§ AEM supports an efficient voluntary consensus standards development process, nationally and internationally, that seeks to develop a single internationally recognized standard that facilitates the distribution of products in commerce throughout the world without need for modification.
§ AEM believes that voluntary self-regulation is a more productive environment than mandatory government or 3rd party regulation and in a global voluntary consensus standards development process.
§ AEM prefers Product Specific standards and regulation development processes.

Specific Issues of Concern:
§ The EU - imposes design-specific requirements that add cost.
§ Technical Compliance Problems with Standards and Regulations - (Ag tractor widths in EU; loader exit opening size in EU; excavator operator protect structures in NZ; roading in Italy and Germany; wood chipper guarding in Germany)
§ Conformity Assessment - Australia has begun to require risk assessment; Taiwan has proposed mandatory ISO 9000 certification.
§ ISO compliance - some regions of the world have been reluctant to adopt ISO; others have adopted ISO with modifications.

Desired Government Assistance:
§ Commitment to coordinate more government activities and issue awareness and familiarity among USG officials.
§ Promotion of U.S. recognition and acceptance of good ISO standards.

Discussion/Comments
A very productive and lively discussion followed the last presentation. Key points are noted below:

§ How do we deal with private sector and government relationships when it comes to awareness and the understanding of standards?
§ The U.S. has good examples to offer to other governments and must recognize that standards are not an end game, but a journey. Standards are always evolving as technology develops, products develop, and innovation takes place as well as the changing economy and buyers. Privatization, expansion of opportunities helps economies grow faster by providing jobs and opportunities.
§ Government-to-Government basis mechanisms - There needs to be more responsiveness on the part of U.S. government. EPA, OSHA, etc. should organize more effective approaches to standards. It takes government-to-government discussions to break deadlocks. The government is set up well to respond to problems that we are experiencing today being very reactive while industry on the other hand is more productive in their approach which is preventive. The government needs to be more preventive in its approaches.
§ Government/Private Sector Team - Increased collaboration between private sector and government. The government and the private sector must work together in a concerted effort to establish and develop standards. (Example: ANSI, NIST, OSHA, ISO, and private industry).
§ Partnership approach to standards and conformity assessment is vital both domestically and internationally. Other countries take the private sector seriously and are afraid to trust them, but with government participation, it gives validity to private sector sayings.
§ Lack of information on foreign standards - There is a lack of information on foreign standards, specifically on the small and medium size companies. There needs to be a clearinghouse; a source for information to disseminate the information and pass on the relevant information to industry and associations.
§ Foreign Commercial Service (Foreign Posts) - The foreign commercial service is a good resource to receive information for standards in a particular country. An in depth standards training program with the overseas posts would be a good way to keep up to date on standards

issues. FCNs have the local knowledge base regarding standards and know where to go for information.

§ Harmonization or different realistic goal - Some products will never be harmonized. Modest harmonization with today's generation of products could lead to the development of global products for the next generation. There is one standard for products that will facilitate commerce and a realization that with technology and competitive limitations, one standard may not be feasible. Two standards may be more towards harmonization. We need to harmonize incrementally as technology progresses and other things change. To have one ideal standard could be a mistake as an incremental approach may be more suited towards the harmonization of standards. Depending on the product and/or service, multiple standards maybe the answer as long as it is documented in one document, noting regional differences and solutions. Market forces, infrastructure, climate, etc. are variants, which create regional differences and therefore, the idea of cohabitation, more than one solution in the same standards maybe the key to harmonization. Cohabitation is the right approach; perhaps it is not possible right now but in the future.

§ Timetables - industry can work with standards and implementation, given a proper compliance window and technical feasibility and recovery period.

§ Regulatory costs - How can government reduce regulatory costs, given environment and safety checks? More dialogue is needed regarding regulatory efforts by the government, (health and safety issues) so that problems can be anticipated.

§ Long Term Relationships - Need to establish relationships, long-term liaisons and continuity with other countries to offer direct support representing commercial interests.

§ Internal barriers to trade - U.S Government (USG) prohibits U.S. manufacturers to export sensitive defense applications/equipment while other countries (e.g. the European Union) do not. USG and the European Commission should coordinate export license requirements to be more consistent.

§ EU machinery directive puts the onus of burden on the manufacturer while in the U.S. there are safety requirements on the user (OSHA) as well as manufacturer.

§ Lack of private subsidization - Associations and companies are having difficulty in participating and influencing the development of standards because of costs, however they must maintain core competencies, e.g., education and training outreach.

§ Issues with the EU - Need to improve dialogue between EU regulators and U.S. in early stages of the decision making process for standards and the development of standards. Must also keep U.S. companies active in the development stages, considering the one vote, one country rule. The ISO still has not addressed a lot of standard issues important for commerce.